

Received for Recording _____

Lease # _____

Recorded _____

Map. Ref. _____

Book _____ Pg. _____

Renewal # _____

Expires _____

OIL and GAS LEASE

THIS AGREEMENT made and entered into this the 4th day of April, 2008, by and between **America First Enterprises, LLP**, hereinafter called Lessor (whether one or more), and William McIntire Coal, Oil & Gas, P.O. Box 171, Shelocta PA 15774 hereinafter called Lessee,

WITNESSETH, that said Lessor, in consideration of the sum of ONE DOLLAR (\$1.00), the receipt of which is hereby acknowledged, and of the covenants hereinafter contained on the part of said Lessee, to be paid, and kept and performed, has granted, demised, leased and let, exclusively unto Lessee, with covenants of general warranty, for the purpose and with the right of drilling, producing, removing of oil and gas and all the constituents thereof, and otherwise operating for oil and gas, and of laying pipelines and building tanks, roads, stations, and electric power lines, houses for valves, meters regulators and other appliances, with all other rights and privileges necessary, incident to or convenient for the operation of this land alone and conjointly with neighboring lands, all that certain tract of land situated in the

Township of Darlington and, County of Beaver

Commonwealth of Pennsylvania, and bounded substantially as follows:

On the North by lands of

On the East by lands of

On the South by lands of

On the West by lands of



WM MCINTIRE/C/M

3359696

5 Pages
02/02/2010 12:00:27 PM
Beaver County
LEAS \$20.50

and containing, for the purpose of calculating rentals, 98.71 acres of land whether actually containing more or less; and part or all said land is described as the following Tax Map parcel: 58-120-116

1. It is agreed that this lease shall remain in force for a primary term of 36 months from the date hereof and as long thereafter as Lessee operates the said land in the production of oil and gas. The balance of the land will be released from this Lease if a subsequent well is not drilled and economically productive within one (1) year from the preceding well. This provision will endure until the property is fully exhausted with drilled, economically productive wells. Lessee will reserve a one thousand (1,000) foot radius around each producing well.

2. (a) Lessee covenants and agrees to deliver to the credit of Lessor, his heirs or assigns, free of costs, in the pipe line to which said Lessee may connect its wells, a royalty of one-eighth (1/8) of native oil produced and saved from the leased premises.

(b) Lessee covenants and agrees to pay Lessor as a royalty for the native gas from each and every well drilled on said premises producing native gas, an amount equal to one-eighth (1/8) of the gross proceeds received from the sale of same at the prevailing price for gas sold at the well, for all native gas saved and marketed for the said premises, payable monthly.

3. Lessee agrees to pay to the Lessor the sum of Fourteen thousand eight hundred six and 50/100 (\$14,806.50) dollars, commencing sixty (60) days from the date hereof as a rental for 36 (thirty-six) months such commencement is delayed, subject however to the right of cancellation hereinafter granted to Lessee, and it is understood and agreed that the rental as hereinbefore provided for is the chief consideration accruing under this provision of this lease during the remainder of the term hereof. In the event of completion of an unproductive well, as determined by the Lessee, on the premises the Lessee shall be under no obligation to make delay rental payments for a period of one year following the completion of such well. At the expiration of this rental free period, Lessee may continue to hold this lease for such further terms as it may desire, not to exceed the primary term thereof, upon the payment of the rentals above mentioned. **THIS IS A PAID UP LEASE.** Notwithstanding any language to the contrary, this Lease shall become null and void if Lessee has not completed an economically productive well within thirty six (36) months from the date above written.

4. All payments under this lease shall be made by check to the order of Lessor and mailed to 1768 North Main Street Extension, Suite 4, Butler, PA 16001, until the Lessee shall have written notice from the Lessor, its heirs or assigns, accompanied by original or certified copies of deeds or other documents as Lessee may require evidencing such change of ownership directing payments to be made otherwise, and any payments made as above until such direction, and thereafter in accordance with such direction shall absolve the Lessee from any liability to any heir or assign of the Lessor. All payments or royalty are to be made according to Lessor's respective interest therein, as hereafter set forth, and this lease shall not be forfeited for Lessee's failure to pay any rentals or royalties until Lessee has received written notice by registered mail of such default and shall fail, for a period of thirty (30) days after receipt of such notice to pay same.

5. Lessor may, at Lessor's sole risk and cost, take gas produced on the leased premises in the amount of 300,000 cubic feet of gas annually or such part thereof as Lessor may use each year from the gas that Lessee may hereafter produce or otherwise have available from one gas production well completed and operated by Lessee hereunder upon the leased premises, which said amount of 300,000

NN

completed and operated by Lessee hereunder upon the leased premises, which said amount of 300,000 cubic feet of gas per year Lessor shall be entitled to receive free of cost for heat and light in two structures on the leased premises when and as long as Lessee may elect to produce or operate a well for the aforesaid purposes upon the leased premises, by Lessor laying the necessary lines and making connections at Lessor's cost at such point of the demised premises as may be designated by the Lessee, provided said gas is used with economical appliances and is measured by meter furnished by the Lessee. The regulation of such gas to be used at Lessor's own risk and Lessee not to be in any way liable for any interruption or insufficient supply of such gas for said domestic use caused by pumping station, breakage of lines or otherwise, and nothing herein shall prevent the Lessee from abandoning any well or wells or pipelines on the leased premises and removing the pipe therefrom at any time. If more than 300,000 cubic feet per year is used, the excess shall be paid for at the larger of \$5.00 per mcf or well head rate, and in case of default in payment for gas used in excess of said 300,000 cubic feet, Lessee is hereby authorized to deduct the amount thereof from any royalty or other payments that are then due, or may later become due, under the terms of this lease. This privilege is granted upon condition that the Lessor shall use said gas in safe and proper pipes and appliances and shall subscribe to and be bound by the reasonable rules and regulation of the Lessee.

Lessee agrees to let Lessor take an additional 300,000 cubic feet of free gas per year from each additional well drilled on the herein property. Such rights shall be granted under the same terms and conditions as stated above.

6. In addition to the covenants of general warranty hereinabove contained, Lessor further covenants and agrees, that if Lessor's title to the leased premises shall come into dispute or litigation, or if, in the judgment of Lessees, there are a bona fide adverse claims to the rentals or royalties hereinabove provided for, the Lessee, at its option, may withhold the payment of said rentals or royalties until final adjudication or other settlement of such dispute, litigation, claim or claims; and that Lessee, at its option, may pay and discharge any taxes, mortgages, or other lien or liens, existing, levied, assessed or which may hereafter come into existence or be levied or assessed on or against the leased premises, and, in the event it exercises such option, Lessee shall be subrogated to the lien and any and all rights of any holder or holders thereof, and may reimburse itself by applying to the discharge of any such mortgage, tax, or other lien or liens, any rental or royalty accruing hereunder.

Lessee agrees to indemnify and hold Lessor harmless from any and all liability resulting from Lessee's operation on Lessor's Property.

7. If when drilling or other operations hereunder are delayed or interrupted by lack of water, labor or material, or by fire, storm, flood, weather, war, rebellion, insurrection, riot, strike, differences with workmen, failure of subcontractors, or failure of carriers to transport or furnish facilities for transportation, or as a result of some order, rule, regulation, requisition or necessity of the government, or any other recognized force majeure, or as the result of any other cause whatsoever beyond the control of Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rule and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of any such Law, Order, Rule or Regulation.

8. Lessee shall have the right at any time during the term of this lease or after the expiration or termination thereof to remove all machinery, fixtures, pipelines, meters, well equipment, houses, buildings, and other structures which Lessee has placed or caused to be placed on said premises, including the right to pull and remove all casing and tubing.

9. If the Lessee shall begin operations for the commencement of a well during the terms of this lease or any extension thereof, the Lessee shall then have the right to complete the drilling of such wells, and if oil or gas or either of them be found in paying quantities, this lease shall continue and be in force and with like effect as if such well had been completed within the term first herein mentioned.

10. Lessee shall have the right to assign this lease or any interest therein and the assignee of Lessee shall have corresponding rights, privileges, and obligations with respect to said royalties and rentals as to the acreage assigned to it with written consent of the Lessor.

11. Lessee shall upon completion of the first productive well upon said premises make a diligent effort to obtain a pipeline connection but any delay shall not be counted against the Lessee provided Lessee shall resume delay rental payments for quarterly periods, beginning one year from the date that the first productive well shall be completed until first well shall be connected to a pipeline.

12. Lessee may, at any time during the term hereof, cancel and surrender this lease, and be relieved of any and all obligations, payments and liabilities thereafter to accrue as to the leased premises, by the mailing of written notice by certified mail, of such surrender, and a check covering all rentals, if any, due up to the date of such cancellation or surrender.

13. It is agreed that said Lessee may drill or not drill on said land as it may elect, and the consideration and rentals paid and to be paid hereunder constitute adequate compensation for such privilege.

14. It is agreed that said Lessee shall have the privilege of using free of charge sufficient water, oil and gas from the said premises to run all machinery necessary for drilling and operation thereon, and at any time to remove all machinery and fixtures placed on said premises. Lessee shall have the right to use stone and rock from the said premises necessary for drilling and operations thereon.

15. No well shall be drilled by Lessee within 200 feet of the dwelling house or barn now on said premises, except by consent of Lessor.

16. Lessor may fully and freely use the leased premises for any purpose, excepting such parts as are used by Lessee in operation hereunder.

17. Lessee shall pay Lessor for all damages to growing crops, or fences caused by Lessee's operations and shall bury all permanent pipelines below plow depth through cultivated areas upon request of Lessor or within a reasonable length of time thereafter. Lessee shall not reimburse lessor for any timber cut in preparing access roads, right-of-ways, or locations. Lessee will stack any cut timber in an orderly manner in locations to be mutually agreed upon between Lessee and Lessor. Any delays to Lessee's workers or damages to Lessee's property that are caused by Lessor, whether intentional or not, shall be recoverable by Lessee from any royalty payments or any other payments to Lessor that are due or becoming due.

18. This instrument may be executed in counterparts each having the same validity as if the original. Should any one or more of the parties named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor.

19. Lessee, in its sole discretion, may plug and abandon any well which it has drilled on the leased premises.

20. Lessee shall be entitled during the term of this lease to lay and maintain pipelines on and across Lessor's premises to transport, without any fee payable therefor to Lessor, natural gas produced on the said tract of land and/or on other lands whether or not adjacent to the tract of land described herein.

Beyond the term of this lease, Lessee shall not be entitled to lay and maintain additional pipelines across Lessor's premises without specific written consent of Lessor, however any pipelines laid during the term of this lease shall continue to be operative at the Lessee's option without any fee payable to Lessor.

21. Lessee shall sell the production of the well on such terms and conditions as Lessee, in its sole discretion may deem appropriate. Lessee shall have no duty to obtain production sales terms which maximize the royalties payable to Lessor hereunder.

22. Lessor has the right to approve all well sites, roadways, and pipelines. Such approval shall not be unreasonably withheld.

23. Lessor reserves the right of first refusal, to purchase well(s) from Lessee. Prior to plugging or abandoning any well on Lessor's Property by Lessee, Lessee shall provide Lessor with thirty (30) days advance notice of intent to plug or abandon said well or wells. Lessor shall have the right to purchase said well(s) during the thirty (30) days for the sum of ONE DOLLAR (\$1.00) and by entering into agreement with Lessee and the appropriate governmental agencies with regard to permitting and bonding, shall release Lessee from liability/ownership considerations.

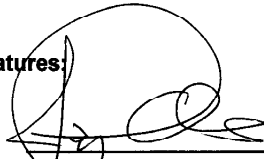
24. Lessor grants Lessee the right to pool, unitize, or combine all or parts of the Leased Premises or interests as to any depths or zones and as to any or all substances covered by this lease with other lands, whether contiguous or not contiguous, leased or unleased, pursuant to governmental authorization or order. Lessee is granted the right to change the size, shape, and conditions of operation or payment of any unit created. Lessee may utilize governmental property maps, assessment data, deed descriptions, surveys or other reasonable means available at the time a unit is created or amended in determining the location of property lines or acreage attributed to the Leased Premises and applicable to any such unit. Lessor agrees to accept and receive out of the production or the revenue realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of leasehold acres included in the unit bears to the total number of acres in the unit; otherwise, drilling, operations in preparation for drilling, production, or shut-in production from the unit, or payment of Royalty or Delay Rental shall have the same effect upon the terms of this Lease as if a well were located on the Leased Premises.

All the terms, conditions, limitations and covenants herein contained shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, successors, personal representatives and assigns, but no representations other than those herein contained shall be binding on either party.

IN WITNESS WHEREOF, the parties to this agreement have hereunto set their hands and seals the day and year first above written.

Lessor Signatures:

Sign Name:



(Seal)

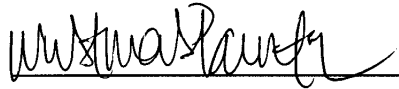
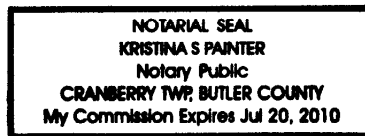
Jaymie P. Oliver, General Partner
America First Enterprises, LLP

COMMONWEALTH OF PENNSYLVANIA)

COUNTY OF *Indiana*)

On this, the *9th* day of April, 2008, before me, the undersigned officer, personally appeared Jaymie P. Oliver, who acknowledged himself to be the General Partner of America First Enterprises, LLP and as such General Partner, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.



Notary Public

This Document Recorded
02/02/2010 State RTT: \$0.00
12:00:27 PM Local RTT: \$0.00
Instrument: LEAS

Instr #: 3359696
Receipt #: 2010528409
Rec Fee: \$20.50
Beaver County, Recorder of Deeds



I hereby CERTIFY that this document is recorded in the Recorder's Office of Beaver County, Pennsylvania
Jamie Jacobus Brall

Mail to:

Wm McArthur Coal, Oil & Gas

P.O. Box 171

Shelbota, Pa

15774



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
DEPT. 280603
HARRISBURG, PA 17128-0603

REALTY TRANSFER TAX STATEMENT OF VALUE

See Reverse for Instructions

RECORDER'S USE ONLY	
State Tax Paid	- 0 -
Book Number	
Page Number	3359696
Date Recorded	2/2/10

Complete each section and file in duplicate with Recorder of Deeds when (1) the full value/consideration is not set forth in the deed, (2) when the deed is without consideration, or by gift, or (3) a tax exemption is claimed. A Statement of Value is not required if the transfer is wholly exempt from tax based on: (1) family relationship or (2) public utility easement. If more space is needed, attach additional sheet(s).

A CORRESPONDENT - All inquiries may be directed to the following person:

Name	William McIntire Coal, Oil & Gas			Telephone Number	
Street Address	City	State	Zip Code	Area Code	
PO BOX 171	Shelocta	PA	15774	724	354 - 2922

B TRANSFER DATA

Grantor(s)/Lessor(s)	America First Enterprises, LLP			Date of Acceptance of Document	
Street Address	112 N Main St, Ext. 4			Grantee(s)/Lessee(s)	William McIntire Coal, Oil & Gas
City	State	Zip Code	City	State	Zip Code
Butler	PA	16001	Shelocta	PA	15774

C PROPERTY LOCATION

Street Address	City/Township, Borough	Tax Parcel Number
na	Darlington	58-120-116
County	School District	
Beaver	Black Hawk	

D VALUATION DATA

1. Actual Cash Consideration	2. Other Consideration	3. Total Consideration
na	+ na	= na
4. County Assessed Value	5. Common Level Ratio Factor	6. Fair Market Value
na	x na	= na

E EXEMPTION DATA

1a. Amount of Exemption Claimed	1b. Percentage of Interest Conveyed
100%	na

2. Check Appropriate Box Below for Exemption Claimed

- ☐ Will or intestate succession (Name of Decedent) _____ (Estate File Number) _____
- ☐ Transfer to Industrial Development Agency.
- ☐ Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)
- ☐ Transfer between principal and agent. (Attach complete copy of agency/straw party agreement.)
- ☐ Transfers to the Commonwealth, the United States and Instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)
- ☐ Transfer from mortgagor to a holder of a mortgage in default. Mortgage Book Number _____, Page Number _____
- ☐ Corrective or confirmatory deed. (Attach complete copy of the prior deed being corrected or confirmed.)
- ☐ Statutory corporate consolidation, merger or division. (Attach copy of articles.)
- ☐ Other (Please explain exemption claimed, if other than listed above.) Oil & Gas lease

Under penalties of law, I declare that I have examined this Statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party	Date
<u>William McIntire</u>	4/9/10

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH APPLICABLE DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.